MULTIPLE ACCESS LIMITED

Annual Report 1972

DATAPOINT 3300 *keyboard/cathode ray tube terminal, connected to the company's computer systems by phone, is shown. Use of this unit allows a businessman to get answers to a variety of questions quickly, without waiting for volumes of reports to be printed.*

MULTIPLE ACCESS LIMITED

Directors:	HAROLD E. ANDREWS CHARLES R. BRONFMAN RUPERT B. CARLETON DONALD B. McCASKILL SYDNEY C. COOPER E. LEO KOLBER DAVID K. LOWRY JOHN O. McCUTCHEON WILLIAM F. MITCHELL PHILIP F. VINEBERG
Officers:	JOHN O. McCUTCHEON, *President* JOHN CRAIG, *Secretary and Treasurer* FREDERICK W. GIBBS, *Vice-President, Operations* DIXON T. JARVIS, *Vice-President, Marketing* DONALD W. G. MARTZ, *Vice-President, Broadcasting*
Registrar and Transfer Agents:	NATIONAL TRUST COMPANY, LIMITED, Montreal Toronto, Winnipeg, Calgary and Vancouver CANADA PERMANENT TRUST COMPANY, Halifax
Auditors:	PRICE WATERHOUSE & CO.
Head Office and Computer Centre:	885 Don Mills Road, Don Mills, Ontario
Branch Offices:	MONTREAL: 800 Dorchester Blvd. West WINNIPEG: 936 St. James Street CALGARY: 540 - 5th Avenue S.W. NEW YORK: 420 Lexington Ave., N.Y.

MULTIPLE ACCESS LIMITED

To the Shareholders:

Revenues arising from our computer activities in the year ended March 31, 1972, were $2,324,746 compared with $1,721,361 the previous year. Cash loss from operations in the current year was $1,172,627 compared to $2,574,265 in 1971. In addition, your board decided it was prudent to reduce the book value of its computers and associated equipment through special write-downs amounting to $4,263,000. Loss for the year was $6,936,240.

However, with continued gains in computer revenues and an expansion into the field of broadcasting, Multiple Access has entered a new phase of profitable operations. The special write-downs will allow the company to proceed without the burden of fixed asset valuations inconsistent with the levels of attainable revenue from present computer configurations.

BROADCASTING

As reported earlier, your company entered into a contract with Canadian Marconi Company in March, 1972, to purchase for approximately $18 million cash all the assets of its Broadcasting Division, which include Radio Stations CFCF (AM), CFQR (FM) and CFCX (shortwave) and Television Station CFCF-TV, Channel 12. All these units are located in Montreal, serve a predominantly Montreal audience and operate in the English language.

The purchase was approved by the Canadian Radio-Television Commission on July 20, 1972, and was completed with Canadian Marconi Company on the following day. Multiple Access has been issued licenses to operate the acquired stations for approximately five years, the longest term permitted by the Broadcasting Act.

The addition of this broadcasting group is an exciting development for Multiple Access. CFCF, the oldest operating radio station in North America, is today in a new growth phase; CFQR has the largest listening audience of any FM station in Canada; CFCF-TV is the CTV outlet in Montreal and an important shareholder in the CTV network.

The challenge to our company in this situation is to make a major contribution to Canadian broadcasting. The Division has a fine management group of demonstrated competence and we intend to work with it to maintain and improve quality in programming, in creative developments and in techniques and facilities. We have undertaken to bring about a significant increase in production from Montreal studios, both for the Montreal audience and for network and foreign distribution. This should prove to be an exciting and rewarding task.

For the year ended March 31, 1972, the Broadcasting Division reported revenues of $11,383,000 and profits of $2,845,000 before Canadian Marconi's corporate charges and income taxes but after depreciation. The Division has shown excellent growth for the last several years and it is anticipated that revenues will continue to increase at a rate in excess of the industry average of 8% per year. This acquisition means generally a faster and steeper move into profitability for your company.

To finance the purchase, Multiple Access placed $18 million of income debentures with the Toronto-Dominion Bank. These debentures, which were negotiated on favourable terms with the Bank, replaced the $11,250,000 term loan undertaking received at the time of the offer to Canadian Marconi. The conditions of the placement require that $6,750,000 be repaid in the near term, possibly through an equity financing. The board anticipates that it has some latitude in the timing of this equity offering and that it will not take place in 1972.

COMPUTER ACTIVITIES

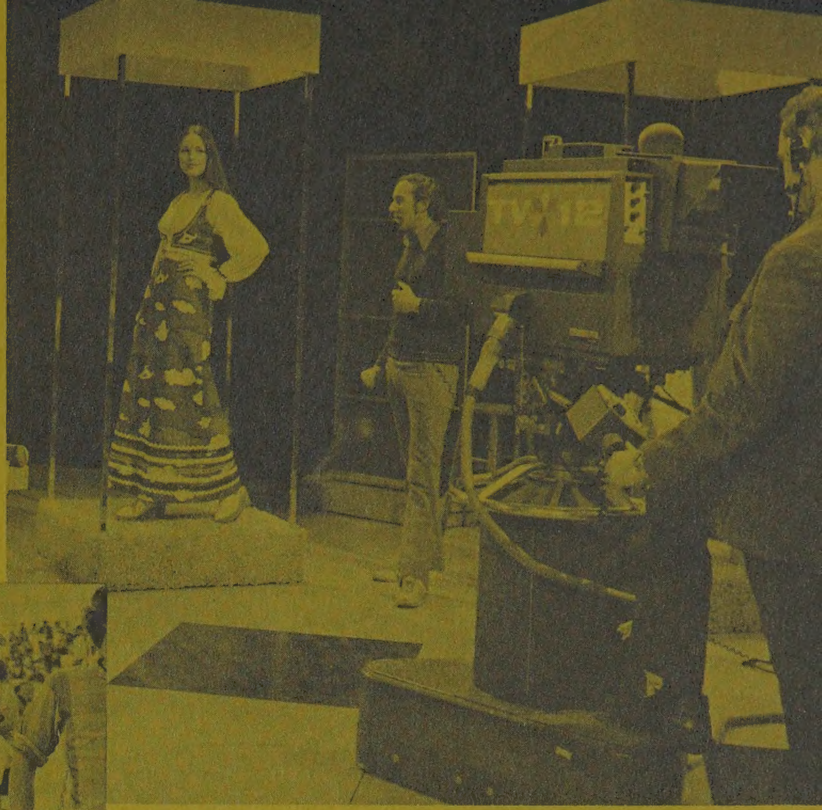
There has been a general growth in revenues of Canadian computer service bureaus in the past year and Multiple Access has taken an increasing share of the market. In terms of cash, machine revenues for the first quarter of the current year (April to June) were $751,000 compared to $454,000 and $252,000 for the corresponding periods in 1971 and 1970.

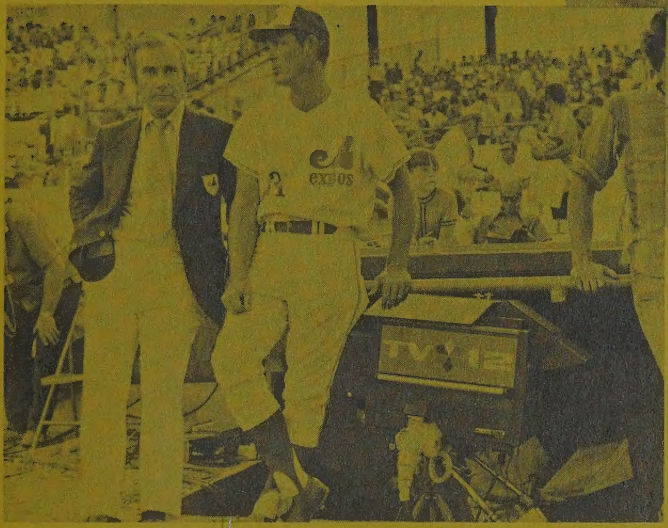
In December, 1971, your company established a branch office in Calgary, replacing a former resale arrangement with a local firm. In January, 1972, Multiple Access, Inc., a resale agent, opened a marketing office and data centre in New York City. Each of these offices is showing good revenue growth and both offer an exciting potential for expansion. Management is continuing to search out and evaluate other opportunities for geographic expansion. We believe strongly in the concept of a centrally-located, large-scale data centre offering specialized services to particular sectors of the market, largely independently of their geographic location.

Our Business Systems Division, created in 1971, has grown steadily and is becoming an important factor in our total revenue. We continue to place strong emphasis on this segment of our service and look to an increase in its relative importance.

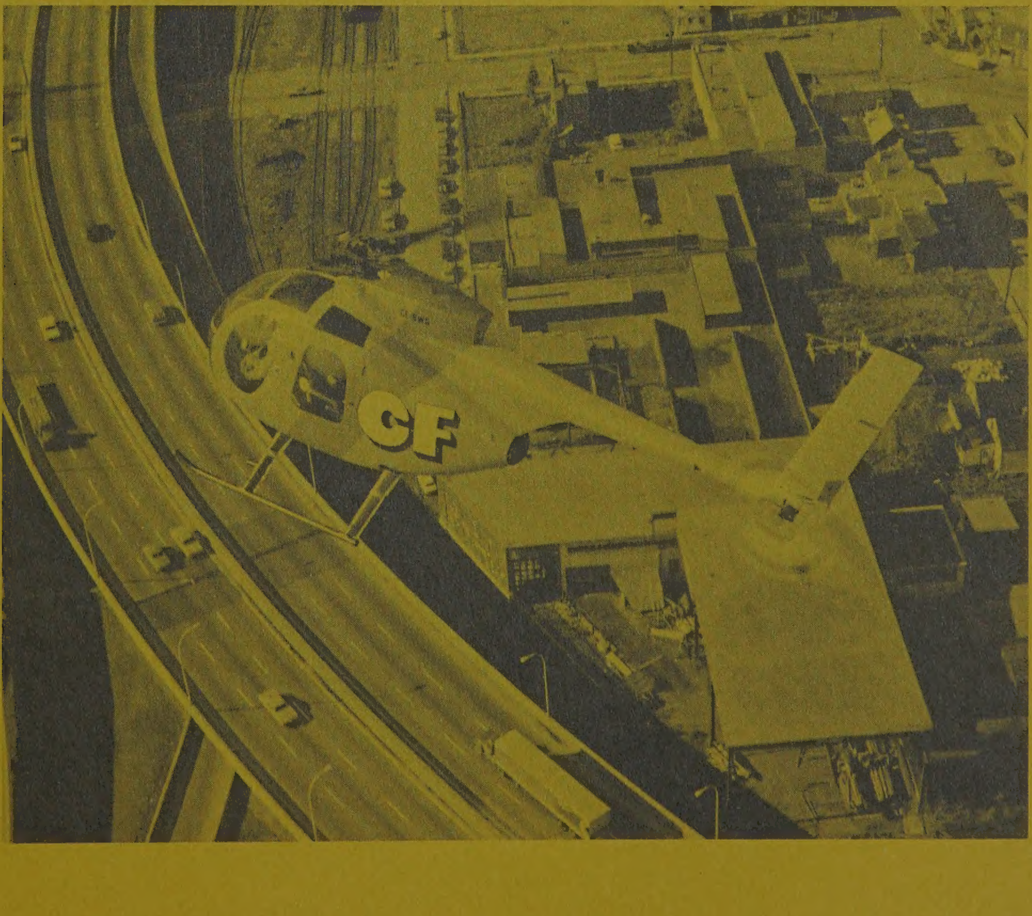
A significant broadening in your company's service facilities occurred in late 1971 when a 'satellite coupler' was introduced to link our Control Data 3500 and 6600 computer systems. By this means, data and programs entered via any accepted terminal can be processed on either system. Similarly, results can be passed back through either system to the customer's terminal. This means, for example, that a low-speed terminal user now

BROADCASTING DIVISION





BROADCAST SERVICE *of CFCF-TV covers extensive in-studio programming as well as remote telecast. Photo above shows camera line-up on a sequence in the "Joy of Sewing" production. At left, CFCF-TV records a Montreal Expos baseball game which is being fed to NBC in New York.*



JET HELICOPTER *of CFCF-TV patrols the Montreal skies in the morning and evening, sending traffic reports for broadcast on CFCF Radio 600. The 'copter is also used for special TV assignments.*

has full access to the super-scale computer power of the 6600 and also to the applications packages available on it.

Virtually all of our inactive low-speed terminal inventory has now been disposed of and we are in the process of upgrading our high-speed terminals to incorporate the technological gains of the last two or three years. We believe that the inventory problems reported to you earlier have been resolved and no important capital commitments are anticipated in this area.

FINANCIAL

As shareholders are aware, an issue of $1,026,000 of interest-free notes, convertible at the rate of one common share for $1.50 of notes and carrying with them purchase warrants for 85,481 shares, was completed in December, 1971. Net proceeds received by the company amounted to $984,182. This financing, underwritten by a private company owned by CEMP Investments Limited, has proved to be of critical value to our continued growth and in maintaining our financial credibility.

After a comprehensive and careful study of our depreciation policies, your board of directors decided on a special write-down of computer and terminal equipment amounting to $4,263,000. Two major reasons prompted this action: a net income forecast which indicates a limit on revenues obtainable from the present computer systems configuration well below that expected when the original depreciation schedules were set up; the continuing fast rate of technological change which already necessitates the replacement of certain peripherals and will bring about further important changes and additions in the future.

Management believes that this is a prudent move which will place your company in a stronger competitive position and will allow it to meet future technological challenges from a realistic fixed asset base. Your company's central processing units are competitive today and will likely remain so for some years. There are strong indications, however, of major advances in peripheral processers, memories and customer-machine interfaces. Management intends, at this time, to follow a course of minimizing capital expenditure and ownership in future equipment improvements.

An agreement entered into with Control Data Canada Ltd., in July, 1971, allowed us to defer certain cash payments until May, 1972. Taking advantage of these deferrals, your company attained a cash breakeven point in November, 1971. Without these deferrals, a second cash breakeven point was reached last April. It was in June, 1972, that your company showed its first profit from operations.

Results of the Broadcasting Division will be included in our accounts as of August 1, 1972, and will be reflected in the second quarter earnings statements.

DIRECTORS

During the year, Mr. Leo Kolber and Mr. Rupert Carleton, President and Vice-President, respectively, of CEMP Investments Limited, replaced Mr. Fred Gibbs and Mr. Harry Sutherland on the Board.

Mr. Gibbs, who continues to serve the company as vice-president, operations, emigrated to Canada from the United States in December, 1970, and, as an American citizen, was ineligible as a director when the rules of the Broadcasting Act became applicable to Multiple Access. On behalf of the company, I wish to extend to Messrs. Gibbs and Sutherland our appreciation for their services.

At the special general shareholders' meeting, held in May, 1972, the board was increased from eight to ten and Messrs. Charles Bronfman, executive vice-president, Distillers Corporation-Seagrams Limited, and Philip Vineberg, a senior partner of the Montreal law firm of Phillips and Vineberg, were elected directors of your company.

OUTLOOK

The actions taken in the last twelve months will undoubtedly have a major, positive effect on your company's future. The basic management philosophy of broadcasting is oriented to the offering of services in the communications field and is therefore closely parallel to our own. In the opinion of your directors, the integration of computer and broadcasting activities into one corporate structure offers excellent prospects for the company.

In the current year, we look for initial, though small, earnings from the Computer Division. While revenues of the Broadcasting Division will be included only for the last eight months, it is anticipated that broadcast earnings net of interest charges for the current year will be substantial.

On behalf of the board,

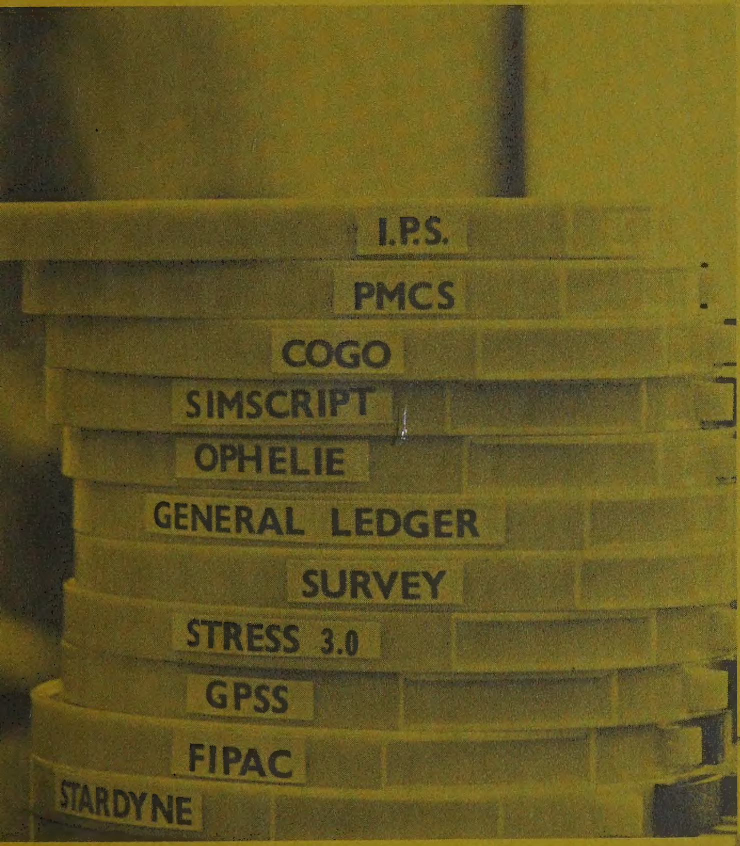
J.O. McCutcheon

JOHN O. McCUTCHEON,
President

Toronto, Ontario
August 25, 1972

COMPUTER DIVISION

DATA COMMUNICATIONS *network of Multiple Access links major Canadian cities. Customers can use their own terminals or employ our computers on an "over-the-counter" basis at the Datacentre.*



APPLICATION PACKAGES *offered to Multiple Access customers may come from the Datacentre library or are custom-made to suit the particular user's requirements.*

ADVANCED COMPUTER *complexes of Multiple Access are based on the integration of two large computer systems, a Control Data 3500 and a Control Data 6600.*

MULTIPLE ACCESS LIMITED

Balan

ASSETS

	March 31 1972	March 31 1971
CURRENT ASSETS:		
Cash	$ 38,612	$ 49,112
Deposit receipts (Note 2)	703,513	550,170
Accounts receivable (Note 3)	549,608	372,732
Prepaid expenses	47,870	37,070
	1,339,603	1,009,084
DEPOSIT ON ACQUISITION (Note 2)	1,000,000	—
FIXED ASSETS, at cost (Note 4)	11,006,876	10,652,770
Less: Accumulated depreciation and amortization (Note 4)	7,266,165	1,339,603
	3,740,711	9,313,167
OTHER ASSETS	156,380	12,502
	$ 6,236,694	$10,334,753

Auditors' Report

To the Shareholders of
MULTIPLE ACCESS LIMITED:

We have examined the balance sheet of Multiple Access Limited as at March 31, 1972 and the statements of loss and deficit and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the Company as at March 31, 1972 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Ontario
July 20, 1972

Price Waterhouse & Co.
Chartered Accountants.

Sheet

LIABILITIES

	March 31 1972	March 31 1971
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	$ 502,986	$ 341,548
Current portion of notes payable (Note 5)	348,741	75,407
	851,727	416,955
BANK LOAN related to acquisition (Note 2)	1,000,000	—
NOTES PAYABLE, less amounts due within one year (Note 5)	845,629	226,221
CONVERTIBLE SECURED NOTES due June 30, 1973 (Note 7)	1,025,220	—
DEFERRED REVENUE (Note 6)	—	242,089
SHAREHOLDERS' EQUITY:		
Capital stock (Notes 7 and 8)		
Common shares without nominal or par value —		
Authorized — 4,000,000 shares		
Issued and fully paid — 1,710,580 shares	14,030,072	14,029,202
Warrants	70,500	70,500
	14,100,572	14,099,702
Deficit	(11,586,454)	(4,650,214)
	2,514,118	9,449,488
	$ 6,236,694	$10,334,753

Approved on behalf of the Board:

J. O. McCUTCHEON, Director

D. K. LOWRY, Director

Statement of Loss and Deficit

	For the year ended March 31	
	1972	1971
REVENUE:		
Computer and related revenue	$ 2,324,746	$ 1,721,361
Interest income	19,775	179,480
	2,344,521	1,900,841
EXPENSES:		
General, administrative and operating expenses	3,088,025	3,772,910
Depreciation and amortization, including write-down of equipment (Note 4)	6,000,542	1,264,538
	9,088,567	5,037,448
Loss on investments	16,763	183,924
Provision for uncollectable accounts (Note 3)	175,431	283,515
	9,280,761	5,504,887
Loss for the year	6,936,240	3,604,046
Deficit at beginning of year	4,650,214	1,046,168
Deficit at end of year	$11,586,454	$ 4,650,214
Loss per share	$4.05	$2.11

Statement of Source and Application of Funds

	For the year ended March 31	
	1972	1971
SOURCE OF FUNDS:		
Proceeds from issue of convertible secured notes, net of expenses of issue (Note 7)	$ 984,962	$ —
Notes payable (Note 5)	619,408	226,221
Common shares issued (Note 8)	90	—
Return of computer equipment	—	1,208,863
Transfer of equipment from purchase to lease	—	445,500
Deferred revenue	—	(162,965)
	1,604,460	1,717,619
APPLICATION OF FUNDS:		
Loss for the year	6,936,240	3,604,046
Non-cash items deducted (added) in arriving at loss —		
Investments written off	(5,160)	(102,018)
Depreciation and amortization, including write-down of equipment	(6,000,542)	(1,264,538)
Deferred revenue realized	242,089	336,775
Cash loss from operations	1,172,627	2,574,265
Fixed asset additions	428,086	1,242,166
Other assets	108,000	—
	1,708,713	3,816,431
Net decrease in working capital	104,253	2,098,812
Working capital at beginning of year	592,129	2,690,941
Working capital at end of year	$ 487,876	$ 592,129

Notes to Financial Statements — March 31, 1972

1. COMPANY NAME:

   The Company's name was changed to Multiple Access Limited from Multiple Access General Computer Corporation Limited by supplementary letters patent dated September 1, 1971.

2. SIGNIFICANT SUBSEQUENT EVENT:

   On July 20, 1972, pursuant to a letter agreement of March 17, 1972 between the Company and Canadian Marconi Company and with the consent of the noteholders as described in Note 7, the Company purchased substantially all of the assets and assumed certain current liabilities of the broadcasting division of Canadian Marconi. The purchase price of $18,000,000 (subject to adjustments) will cover approximately $2,300,000 in net current assets and $15,700,000 of non-current assets. The Company submitted a deposit of $1,000,000 to Canadian Marconi, to be applied against the purchase price, using funds from a temporary bank loan of an equal amount acquired for the purpose and which will be retired when the long-term financing described below has been arranged.

   On July 20, 1972 the Canadian Radio-Television Commission approved the purchase and transfer of the assets and assumption of the liabilities by the Company and granted licences to Multiple Access Limited to carry on broadcasting for the period to March 31, 1977.

   The acquisition is to be financed by an $18,000,000 income debenture to be purchased by The Toronto-Dominion Bank and bearing interest at an annual rate equal to the aggregate of 2% and one-half the Bank's prime commercial lending rate for Canadian dollars. The Company intends to meet the initial principal repayment of $6,750,000, which is due on December 31, 1972, by an offering of securities of an equal amount. The balance of the income debenture is to be repayable by thirty-one consecutive quarterly instalments of $350,000 commencing March 31, 1974 with a final instalment of $400,000 due December 31, 1981. Pending completion of the $18,000,000 income debenture, interim bank accommodation has been provided in the form of a demand loan of $18,000,000, of which $1,000,000 had been previously advanced, bearing interest at the rate of 6% and secured by a guarantee by Cemp Investments Limited ($17,500,000) and the pledge of a deposit receipt ($500,000).

   The agreements relating to the income debenture are expected to include:

   (a) A mortgage and charge of all the undertaking, property and assets of the Company pursuant to a Trust Deed subject only to prior mortgages and charges created by the Company.

   (b) Covenants and conditions to be maintained, including:

      (i) In any fiscal year when the net cash flow of the broadcasting division after debt service exceeds $500,000, the Company will pay 50% of such excess as a mandatory principal repayment up to a maximum prepayment of $750,000 in any one fiscal year;

      (ii) during the term of the loan the Company will maintain net working capital (as defined) of at least $1,500,000 excluding the current portion of the indebtedness to the Bank and also maintain a ratio of current assets to current liabilities of not less than 3:2;

      (iii) dividends may be declared and paid only after bank approval, after payment of bank indebtedness for the current year and if the dividend payment will not put the Company in default with respect to (ii) above;

      (iv) the income debenture will be payable on demand in certain circumstances relating to the results of operations; and

      (v) the Company will not (without consent of the lender) acquire any business other than by the issue of shares of the Company.

   An agreement has been signed with Mainvest Communications Limited whereby Mainvest will underwrite a financing to retire $6,750,000 of the income debenture for a fee to Mainvest equal to 9% of the amount so retired. The fee may, at the discretion of Mainvest, be taken either in cash, in common stock of the Company at 80% of the offering price, or a combination of cash and common stock.

3. UNCOLLECTABLE ACCOUNTS:

   The Company has provided $175,431 for possible uncollectable accounts. Approximately $128,000 of this amount is due from a single customer and legal proceedings have been instituted to collect all monies owing from this customer, who has subsequently instituted a claim against the Company and certain officers in the amount of $4,000,000. It is the opinion of management based on counsel's evaluation that the claim will be settled for less than the amount owed to the Company. In the previous year the Company instituted legal proceedings against a customer to collect approximately $205,000 owing. This customer instituted a counterclaim against the Company in that year.

4. FIXED ASSETS:

	Cost	Rates of depreciation or amortization	Current year's depreciation or amortization
Computer equipment	$ 8,417,977	See below	*$5,129,416
Terminal equipment	1,041,818	See below	* 673,290
Leasehold improvements	961,798	term of lease	102,295
Office furniture and fixtures	222,701	10%	23,025
Machinery and equipment	362,582	20%	72,516
	$11,006,876		$6,000,542

*including a special charge for the write-down of computer and terminal equipment, as described below.

It has been the Company's policy to provide depreciation on computer equipment and terminals from the date that assets are technically accepted. Straightline depreciation rates are used on other fixed assets and are designed to depreciate their cost over their estimated useful life and the cost of leasehold improvements is amortized over the term of a ten-year lease.

The Company has reviewed the book value of its computer equipment and terminals from a viewpoint of estimating the net income (before depreciation) likely to be generated from these assets in future years. Based on forecasts with utilization of the present computer configuration at a reasonable capacity level, the Company does not believe it is possible to recover the net book value of the computer equipment over its expected useful life from future net income. The Company has concluded that the original cost included a loss element in that original expectations of utility are not attainable. Accordingly, the Company has recognized this loss in the current year by a write-down of computer equipment in the amount of $4,263,000. The amount of the write-down has been calculated as the excess of the book value of the computer equipment, less estimated residual value over the future net income expected, operating at a reasonable capacity level during the remaining useful life of the equipment in its present configuration.
The book value of the computer equipment at March 31, 1972 after the special write-down was approximately $2,526,000, and this amount less an estimated residual value of approximately $1,262,000 will be amortized on a straight-line basis over the next six years.

Due to recent technological changes within the industry the Company will be embarking on a significant upgrade of its present terminal equipment. All surplus terminal equipment has been disposed of and the remaining equipment has been written down to a 10% residual value which will be amortized over the next four years. This write-down, in the amount of $360,000, is included with the write-down of computer equipment in the statement of loss and deficit and is in addition to the normal depreciation expense.

5. NOTES PAYABLE:

(a) On July 31, 1971, the Company signed an agreement with Control Data Canada, Ltd. (CDC), the manufacturer of the Company's two computers. Under the terms of this agreement the following occurred during the year:

(i) The Company gave to CDC a promissory note in the amount of approximately $482,000, the amount of its indebtedness to CDC at June 30, 1971. This note, repayable in 36 equal monthly instalments commencing July 31, 1971 bears interest at 3% in excess of the interest rate charged to prime business accounts by the First National City Bank of New York and is secured by a chattel mortgage in the amount of $350,000 on the 3500, the smaller of the Company's two computers. The amount outstanding on this note at March 31, 1972 was $361,158. Repayments of this note due within one year, in the amount of approximately $160,515, have been included in "Current portion of notes payable" in the balance sheet.

(ii) CDC agreed to grant a reduction of $17,500 per month for a period of 36 consecutive months commencing July 1971, against monthly charges arising from existing lease and maintenance service agreements. This reduces the charges under the existing five-year leases of certain peripheral equipment which require monthly payments of approximately $33,000 and monthly charges under the existing one-year renewable agreements for maintenance service requiring payments each month of approximately $18,000.

The Company was also granted an option to defer until April 30, 1972 the adjusted monthly cash payments required under these agreements for the period July 1, 1971 to April 30, 1972. The amount so deferred with accrued interest was $318,486 at March 31, 1972 and will be payable over a period of 24 months from May 1, 1972. The amount due within one year, approximately $145,973 has been included in "Current portion of notes payable" in the balance sheet.

Subsequent to the end of the year, the Company signed a promissory note in the amount of $352,591 with respect to the amounts so deferred through April 1972.

(b) During the year the Company received an assessment from the Government of Ontario to pay retail sales tax in the amount of $519,827, of which $395,513 has been included in fixed asset additions. This assessment was based on a ruling which specified that tax was applicable on the purchase or lease of computer equipment by a computer service bureau and that tax

should not be charged to the customers of the service bureau. The Company had been charging sales tax on computer usage by its customers based on counsel's interpretation of the provisions of the Retail Sales Tax Act.

The balance of the assessment owing at March 31, 1972 was $514,726 and this amount plus interest at 9% per annum is repayable over 5 years. Included in current liabilities under "Current portion of notes payable" is $42,253 which is the anticipated principal amount of the assessment payable in the coming year.

With the consent of the holders of convertible secured notes as described in Note 7, the Company signed a chattel mortgage subsequent to the end of the year to secure the unpaid sales tax liability.

6. DEFERRED REVENUE:

Under the terms of an agreement between the Company and the equipment manufacturer, the equipment manufacturer agreed to purchase computer time over a three-year period commencing in 1970 for $585,835. The remaining computer time under this agreement was fully utilized during the current year and an amount of $242,089 is included in revenue.

7. CONVERTIBLE SECURIED NOTES DUE JUNE 30, 1973:

During the year, rights were issued to shareholders to subscribe for convertible secured notes at the rate of 60¢ principal amount of such notes for each common share held of record on October 15, 1971. Notes in the aggregate principal amount of $1,026,000 were issued under a trust indenture dated October 1, 1971, between the Company and National Trust Company, Limited as Trustee. As security for the repayment of the notes the trust indenture contains a first fixed and specific mortgage, pledge and charge on the Company's CDC 6600 computer system and a first floating charge on the other undertaking, property and assets of the Company in Ontario and Quebec subject to an outstanding fixed charge on the Company's CDC 3500 computer system. This security is to be altered by the loan agreements referred to in Note 2. The notes state an interest rate of 9% per annum but interest is only payable in the event of and from the date of any default by the Company in the repayment of the principal amount due on the notes. The notes which mature June 30, 1973 are redeemable by the Company at any time after October 31, 1972 and are convertible at any time into common shares of the Company on the basis of one common share for each $1.50 principal amount of notes so converted prior to June 30, 1973.

To provide additional security to the noteholders, the Company, the Trustee, the manufacturer of the Company's two computers and the latter's parent entered into an agreement dated October 1, 1971 whereby, if prior to June 30, 1974, the Company were in default with respect to payment of the principal amount of the notes, the Company or Trustee would have the right to require the manufacturer or its parent to purchase the Company's CDC 6600 computer free of any lien or encumbrance for $1,000,000. Certain other terms of this agreement provide that, were the computer resold within two years from such purchase date, certain additional sums might be payable to the Company.

The Company has reserved sufficient authorized but unissued common shares for the conversion of such notes into common shares.

The proceeds received from the issue of the convertible secured notes are as follows:

Principal amount of convertible secured notes issued	$1,026,000
Less: Notes converted into common shares	(780)
	1,025,220
Expenses related to issue	(41,038)
	$ 984,182

The expenses relating to the issue in the amount of $41,038 are included in the balance sheet as "Other assets".

Pursuant to the trust indenture, by letter dated March 17, 1972, a registered owner of not less than 60% of the notes sanctioned the following:

(a) the giving of further security of the CDC 6600 computer system of the Company pursuant to a chattel mortgage made subsequent to March 31, 1972 in favour of the Province of Ontario to secure the unpaid sales tax assessment referred to in Note 5;

(b) the acquisition of the broadcasting assets of Canadian Marconi Company referred to in Note 2; and

(c) the increase in the authorized capital of the Company subsequent to March 31, 1972, described in Note 8.

8. CAPITAL STOCK:

(a) *Common shares* —

	Shares	*Amount*
Balance at March 31, 1971	1,710,000	$14,029,202
Exercise of warrants	60	90
Conversion of notes	520	780
Balance at March 31, 1972	1,710,580	$14,030,072

(b) *Warrants* —

(i) 470,000 share purchase warrants are outstanding entitling the bearers to purchase 470,000 common shares at a price of $10 per share on or before June 15, 1979. These warrants were issued for an aggregate consideration of $70,500 under a warrant indenture between the Company and National Trust Company, Limited, as Trustee, dated April 30, 1969.

(ii) Pursuant to an agreement signed on July 31, 1971 with Control Data Canada, Ltd. a warrant is outstanding entitling the bearer to purchase 25,000 shares at a price of $1.50 per share on or before July 31, 1976.

(iii) Warrants were issued to purchasers of convertible notes on the basis of 1 warrant for each $12.00 principal amount of notes purchased. At March 31, 1972 there were warrants outstanding entitling the bearers to purchase 85,421 shares at a price of $1.50 per share on or before September 30, 1976.

During the year, warrants to purchase 60 shares were exercised.

The Company has reserved sufficient authorized but unissued common shares for the exercise of all outstanding warrants.

(c) *Stock option plan* —

The Company has reserved 85,000 authorized but unissued common shares for its Stock Option Plan which provides for the granting to officers and key employees (excluding founders of the Company) options to purchase (while employed by the Company) common shares of the Company at a price per share of not less than 90% of the market price at the date of granting. The options are exercisable at the rate of 20% per annum.

Summary of options outstanding —

	Number				
Date granted	*Granted*	*Expired during the year*	*Outstanding at March 31, 1972*	*Price*	*Year of expiry*
Outstanding at March 31, 1971 less those expired during the year ..	69,125	43,350	25,775	$ 2.50 to 10.00	1974 to 1975
Granted during the year:					
June 23, 1971	1,500	—	1,500	1.50	1976
July 14, 1971	1,500	—	1,500	1.50	1976
November 29, 1971	6,000	—	6,000	0.95	1976
February 10, 1972 .	1,000	—	1,000	1.65	1977
March 8, 1972	1,500	—	1,500	2.55	1977
	80,625	43,350	37,275		

Subsequent to March 31, 1972 options were granted to purchase 8,000 common shares at $4.20 per share and 1,000 common shares at $5.65 per share. During the year and subsequent thereto options to purchase 10,000 common shares were granted to officers.

(d) Subsequent to March 31, 1972 the Company obtained supplementary letters patent to:

(i) Increase the authorized share capital by the creation of an additional 3,500,000 common shares without nominal or par value;

(ii) Extend the objects of the Company, and

(iii) Declare the Company a constrained-share company within the meaning of the Canada Corporations Act.

9. LEASE COMMITMENTS — OFFICE PREMISES:

The Company has leased office premises under long-term agreements which provide for the payment of net annual rentals of approximately $248,000.

10. CONTINGENT LIABILITIES:

In the previous year a former employee filed a claim in the amount of $1,000,000 against the Company for wrongful dismissal. Three other former employees also filed claims for breach of employment contracts against the Company for substantially smaller amounts in that year.

It is the opinion of management, based on counsel's evaluation of the claims, that any settlements are expected to be relatively minor in amount.

11. REMUNERATION OF DIRECTORS AND SENIOR OFFICERS:

The remuneration of the directors, of which there were ten during the year, aggregated $13,086 for the year. The remuneration of ten senior officers, three of whom are past senior officers, aggregated $202,204 for the year. Senior officers who were also directors, of which there were three during the year, received no remuneration for their duties as directors.

12. INCOME TAX:

The losses incurred from incorporation to March 31, 1972, adjusted by such capital cost allowances and other expenses as may be claimed for income tax purposes, are available to reduce future taxable income under loss carry-forward provisions of applicable income tax legislation.

13. SUBSIDIARY COMPANIES:

The financial statements of the Company, including comparative figures, are presented on an unconsolidated basis since the subsidiaries were inactive at March 31, 1972 and 1971. The investment carried at $2 is included in other assets.

Some of our major clients

THE ALBERTA GAS TRUNK LINE COMPANY LIMITED
AMERICAN EXPRESS COMPANY (New York)
ASHLAND OIL CANADA LIMITED
BELL CANADA
CANADA CENTRE FOR INLAND WATERS
CANADIAN INDUSTRIES LIMITED
CHURCHILL FALLS (LABRADOR) CORPORATION LIMITED
DOMINION BRIDGE COMPANY, LIMITED
GAZ METROPOLITAIN, INC.
HUDSON'S BAY COMPANY
HUSKY OIL LIMITED
HYDRO QUEBEC
MANITOBA HYDRO
NEW YORK STOCK EXCHANGE
NEW YORK TELEPHONE COMPANY
NORTHERN AND CENTRAL GAS CORPORATION LIMITED
NORTHERN ELECTRIC COMPANY, LIMITED
PETROFINA CANADA LIMITED
C. A. PITTS ENGINEERING CONSTRUCTION LTD.
ROYAL BANK OF CANADA
SPAR AEROSPACE PRODUCTS LTD.
STEINBERG'S LIMITED
TEXACO CANADA LIMITED
TRADERS GROUP LTD.

MULTIPLE ACCESS LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

(Unaudited)

For the Six Months Ended September 30, 1972

Source of funds	
Net income for the period	$ 196,362
Non-cash item deducted in arriving at net income:	
Depreciation and amortization	328,840
Common shares issued	4,773
Income debenture issued	18,000,000
	18,529,975
Application of funds	
Acquisition of assets of Broadcasting Division, net of working capital (Note 1)	15,693,000
Fixed asset additions	94,439
Reduction of notes payable	171,860
Other assets	171,834
	16,131,133
Net increase in working capital	2,398,842
Working capital at beginning of period	487,876
Working capital at end of period	$ 2,886,718

NOTE:

1. Assets of the Broadcasting Division acquired are:

Fixed assets	$10,507,000
Goodwill	4,910,517
Investments	275,483
	15,693,000
Working capital	2,307,000
	$18,000,000

2. Comparative figures have not been provided due to the significant effect of the acquisition of the Broadcasting Division.

AR80

MULTIPLE ACCESS LIMITED

INTERIM REPORT

SEPTEMBER 30, 1972

MULTIPLE ACCESS LIMITED

TO THE SHAREHOLDERS:

Financial results of operations for the six months ended September 30, 1972 are presented by your board of directors. The newly-acquired Broadcasting Division is included in the accounts for the months of August and September only.

Net income for the period was $196,362, or 11¢ per common share. On a fully-diluted basis earnings were 8¢ per share. In each case, earnings are untaxed.

This is the first profitable financial period in the history of your Company, and compares with a net loss of $920,678 in the corresponding period of 1971. Both broadcasting and computer services are traditionally seasonally low in the summer months, in common with most service industries. Computer revenues for the six months were $1,498,305 ($1,145,842 in 1971) and broadcast revenues for the two months were $1,789,142 ($1,485,344 in 1971), representing gains of 30.5% and 20.5% respectively.

Earnings have been calculated after interest charges on the $18.0 million income debenture taken down to effect the purchase. On a pro forma basis, if the Broadcasting Division had been owned since April 1, 1972 and the income debenture taken down at that time, net income would have been $738,000, equivalent to 43¢ per share, or 29¢ per fully-diluted share.

Outlook for the current quarter is strong with each division reporting revenue gains in October.

On behalf of the board,

J.O. McCutcheon

Toronto, Ontario
November 7th, 1972

John O. McCutcheon
President

STATEMENT OF INCOME

(Unaudited)

	For the Six Months Ended September 30 1972	1971
Revenue	$ 3,287,447	$ 1,145,842
Expenses		
General, Administrative and Operating	2,598,640	1,423,720
Income (Loss) from Operations	688,807	(277,878)
Depreciation and amortization	328,840	642,800
Interest expense	163,605	—
Income (Loss) for the period	$ 196,362	$(920,678)
Earnings for the Period per Share	$ .11	
Earnings for the Period per Share (diluted)	$ .08	

NOTE:

Results for this period include the results of the Broadcasting Division for the months of August and September 1972.